

Government
Publications

CALL NO.

CA20N

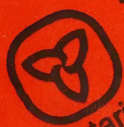
CC

-Z 312

GOVT

Buying a car

and rust inhibition



Ontario

Ministry of
Consumer and
Commercial
Relations

CA20N
CC
-7312

(12)

Government
Publications

tips on buying a car

and rust inhibition



Ontario

Ministry of
Consumer and
Commercial
Relations

New cars, used cars—there are many reasons why people buy cars. But for most of us, a car is a major financial expenditure which we don't want to complicate with frustrations and unexpected expenses.

The Ontario Ministry of Consumer and Commercial Relations, which registers motor vehicle dealers and salesmen in the province, offers the following suggestions based on many years of settling complaints and investigating activities.

These suggestions will help you make the best choice possible and avoid many of the common car-buying problems.

Choosing a dealer

All motor vehicle dealers in the province must register with the Ontario Ministry of Consumer and Commercial Relations. Every registered car dealer must post the current registration in a visible place.

Choosing the right dealer can make a big difference in avoiding problems both during and after the purchase. Take time to check out potential dealers; talk to friends and associates who have personally done business with them.

It's important to comparison shop as each dealer may offer you a different "deal" on the same make and model car with identical features. If you're not sure about the car or the price, don't let yourself be talked into a purchase before you have done some comparison shopping.

High-pressure sales techniques are considered an unfair business practice and are therefore illegal under Ontario's Business Practices Act. Never let yourself be pressured into a sale. If you encounter what seem to be unfair business practices, contact your nearest Consumer Services Bureau (see back of booklet for addresses).

Used cars: examine them

Good used cars are in strong demand. With careful shopping, a bit of research and logical evaluation, a used car should be able to give you a few years of good service.

A careful examination of a used car **in the daylight** is a must. Kicking the tires is not enough. Check for excessive wear of the interior (upholstery, springs in the seats) and of the brake and accelerator pedals. New pedal rubbers may also indicate a lot of use. Look for body damage; ripples on the body of a car indicate that body work has been done; or the car could have been in accidents.

Insist on a road test that allows driving at different speeds on roads of various conditions to evaluate the performance of the steering, brakes, shock absorbers and front-end alignment.

Also, watch out for the following symptoms which can mean trouble:

- steering that pulls the car to one side (possible alignment problems);
- squealing brakes under normal operation (excessive wear or improper adjustment);
- blue smoke coming from tail pipe (may mean costly engine repairs are required);

- lack of control during cornering at normal speeds or an excessively bouncy ride (possible steering linkage problems and/or worn-out shock absorbers);
- any other obvious defects such as engine knocking, lurching or hesitation, vibrating, or malfunctioning controls, lights and signals.

Don't let yourself be blinded by the reputation of a particular make or model of car. Even a well-made new car can deteriorate mechanically over the years because of improper maintenance or downright neglect. Such a car could end up turning into a serious financial drain if many repairs are necessary.

Insist on taking the car to your mechanic or to a diagnostic centre for a check-up before you buy. If the dealer refuses, don't buy the car—it could be a problem.

Private car sellers

Unlike the registered car dealer, a person making a private sale has neither a registration to lose nor a business reputation to protect. You should, therefore, be especially careful when you are contemplating a private purchase.

A private sale may not be so. The person may be posing illegally as a front for a car dealer who doesn't want to be responsible for selling the car. If you suspect this is the case, contact your nearest Consumer Services Bureau (see addresses at the back of this booklet).

To find out who the actual owner of the car is or to trace back previous owners, request a **Vehicle Identification Number (VIN) search** from the Ontario Ministry of Transportation, Search Department, 2680 Keele St., East Building, Downsview, Ontario M3M 3E6 (416) 235-2999. This service costs only \$5. A phone call to the previous owner(s) may help you check the condition and the mileage of the car.

In some cases, the private seller may, deliberately or not, be selling a car that is subject to a security interest; in other words, there may be money owing on the car. For example, the seller may have bought the car on time or the previous owner may have bought the car on time without the current seller knowing about it. The car might also have been used as collateral (security) for a loan by the seller or by a previous owner.

If you feel comfortable with a private seller, you may negotiate a better bargain than with a dealer. But if you don't know the seller, be sure to check for

security interests or other forms of liens against the car. Contact the previous owner(s) if you have any doubts.

How to check for security interests

If you don't want to wake up to the sound of a truck towing away your newly purchased car, check for any security interests against the car before buying it.

When you buy a car from a **registered car dealer**, you receive a certain degree of protection against security interests you weren't told about. The dealer must tell you about any security interests against the car before finalizing the sale, or else the dealer is held responsible for paying those security interests.

However, if you buy a car from a **private seller**, it is up to you to make sure that there are no security interests against the car. Go to your nearest branch office of the personal property security registration system; these offices are located in many land-registry offices in Ontario. You will be put in telephone contact with an inquiry operator who will enter your search into a central computer file.

Check the system for security interests against the car in the name of the owner and by the vehicle serial number. Make sure the serial number shown on the car itself matches the number on the registration certificate. If the two numbers are different, check both numbers. It may also be wise to check previous owners; the first given name and surname are required.

There is a \$5 fee for each verbal certified check. (Make your cheque payable to the Treasurer of Ontario.) To complete a check in person, visit the offices of the Personal Property Security Registration Branch at 393 University Ave., 3rd Floor, Toronto, Ontario from 10:00 a.m. to 4:00 p.m., Monday-Friday. Further details may be obtained by telephoning the branch inquiry number (416) 596-3766.

The same information is available by enclosing the fee required and your full street address with a written request to:

Personal Property Security Registration Branch,
Ministry of Consumer and Commercial Relations,
P.O. Box 4120, Station A,
Toronto, Ontario
M5W 1T2

Make sure you write down all the necessary details and enclose payment and a written answer will be mailed to you. Remember that this service takes longer than the telephone call; you may not have that much time before finalizing the purchase of the car.

For complete information on the personal property security registration system, pick up a *Personal Property Registration Guide* at any branch office of the system, or write to the above address. Enclose a self-addressed envelope (minimum size 10" x 14") stamped with \$1.80 postage.

Odometer reading

Under the Ontario Motor Vehicle Dealers Act, all car dealers must record a car's mileage every time it's sold. Before you sign a sales order, the dealer must tell you the current odometer reading and the distance travelled by the car, if there is a difference. If you suspect that the odometer has been rolled back to show a lower mileage, check the mileage at the time of sale with the previous owner.

An average car accumulates 16,000 to 20,000 km per year. If the car shows a particularly low mileage for its age, or if the signs of wear are not consistent with the car's mileage, be very suspicious. Be particularly aware when mileage seems to be low and the car is equipped with a five-digit odometer. The 21,000 km that show on the odometer may in fact be 121,000 km. You can check the mileage at the time of sale with the previous owner(s) through a VIN search as explained under **Private car sellers**. But remember that such a search can provide the names of previous owners only if the car was registered in Ontario. Beware of out-of-province cars. Legislation in other provinces may not require the registration of mileage at any time, and a roll-back could never be proven.

If you find a mileage roll-back, report it to the police or the consumer ministry. Odometer tampering is a criminal offence.

If your own VIN search and other research leads you to a reasonable suspicion of unethical or unfair business practices, contact your nearest Consumer Services Bureau (see back of booklet) to find out what your next step should be.

Study the contract

Before you sign anything, read the fine print and watch for any special conditions that might be included in your automobile contract.

A contract is legally binding, so don't sign it unless

you fully intend to buy and agree with all the terms. Before signing, make sure you are aware of the total costs to buy the vehicle. Reading all documents carefully before signing them, however, is of little help if you don't understand what you read or if you are not familiar with the difference between standard or accepted conditions and unusual or unfair ones.

Following is an explanation of important details you should look for before you sign a contract for a new or used car.

Offer to purchase. The standard document a car dealer asks you to sign to finalize a deal is actually an offer, on your part, to purchase whatever merchandise is described in the document for the price set out. The dealer acknowledges acceptance of your offer by signing the document as well, and not until both signatures are on the document does it become legally binding.

You should not pay a deposit unless you are sure you want to complete the transaction. You may lose your deposit if, after the acceptance of the signed offer, you fail to take delivery.

Check carefully that guarantees, warranties and any repairs or changes which have been promised are put **in writing** on the purchase order. In particular, make sure that any manufacturer's warranties mentioned actually do apply in your case and that any other guarantees are written down.

Trade-in. For many people, the trade-in will be an important part of the overall transaction. It therefore makes good sense to be sure that you fully understand the dealer's terms.

If you are comparison shopping, remember that a lower purchase price for a car may be more than offset by a lower trade-in allowance. It's the difference that counts. Instead of a trade-in, you may also consider selling your old car privately to get the best value.

Even when the value of the trade-in is stated in the offer to purchase, there may be a term or condition in the contract that allows a reappraisal of the trade-in by the dealer at the time of delivery if the condition of the car has changed in the meantime.

When should you hand over your trade-in? This decision is up to you, but keep in mind that the trade-in may be sold once the dealer has possession of it and the signed vehicle registration. However, it is not necessary to sign off the registration at the time you order your new car—only when you bring in your trade-in.

Costs of credit. Under the **Consumer Protection Act**, the dealer must disclose all credit finance charges on the face of the contract if the customer is arranging financing through the dealer. The contract must show these charges both in dollar value and as an annual percentage rate, plus the number of payments to be made and the amount of each payment.

For more information on credit, ask for the free booklet, *The facts about credit and you*, at the Consumer Information Centre (see back of this booklet).

Insurance transfer. If you're trading in a car that is insured, get your insurance agent to arrange a transfer so that you will be covered when you take possession of your new car. You should also check the cost and availability of insurance on your new car from your agent.

A dealer who finances the car may volunteer to arrange insurance but may only obtain collision coverage. This is not sufficient.

Remember that car insurance is compulsory in Ontario. Every motor vehicle on the road must carry a minimum of \$200,000 third-party liability insurance. The onus is on you to arrange this through an insurance agent or broker. There are stiff penalties if you are found driving without insurance.

For details on Ontario's no-fault auto insurance, ask for the free brochures, *When You're Shopping for Automobile Insurance*, *When You Are in an Automobile Accident*, and *When You and Your Insurance Company Disagree*, at the Consumer Information Centre and the Consumer Services Bureaus (see back of this booklet). Consumers can also call the Ontario Insurance Commission help-line at (416) 250-6750 or toll free at 1-800-668-0128.

Extended warranties

It is now possible to purchase extended warranties or service contracts with both new and used cars from either the manufacturer or a retailer.

These extended warranties are normally based on mileage and length of ownership, for example three years or 60,000 km or for two years or 40,000 km. They cover more than the standard new-car warranties which usually last 12 months or 20,000 km, and the cost depends on the size of the car and the length of the warranty.

Before you decide to buy an extended warranty, look at the financial responsibility of the company offering the warranty.

Don't pay for a warranty unless it is backed by an insurance company. Otherwise, you may end up with a worthless piece of paper.

Before signing the contract, read it carefully and find out the following information:

- What exactly is covered, or not covered, under the warranty? Many do not cover computer or electronic parts or labour.
- In the case of a new car, does the warranty start on the date of purchase, or after the standard warranty has expired?
- Are there any additional costs when repairs are made?
- Does the warranty have a wear-and-tear exclusion? What isn't covered?
- Are parts and labour covered, or only parts?
- Does the warranty provide for a rental car while your own car is being repaired? Does it cover insurance on the rental car?
- Does the warranty cover any other expenses if the car needs repairs while you're out of town?

Don't sign an extended-warranty contract before you have evaluated all the information.

If a warranty looks too good to be true, it probably is.

If you need help

If you feel there's something unfair about any part of your car purchase, contact your nearest Consumer Services Bureau (see the back of this booklet) and get the information you need to clear up your doubts.

Remember: Don't start shopping for a car unless you are seriously interested in buying. Never buy beyond your ability to pay. Never enter into another contract if you have already signed one unless the first one has been cancelled and destroyed. Never sign a contract before it is completed. Read all the terms and conditions on the reverse side of all documents before signing anything.

For more information on contracts, ask for the free booklet, *A guide to the Consumer Protection Act*, at the Consumer Information Centre (see the back of this booklet).

Motor Vehicle Dealers Compensation Fund

This industry-financed fund covers consumer transactions involving the buying and selling of motor vehicles. Based on your loss, you can make a claim for up to \$10,000 when the dealer refuses or is unable to pay and any one of these requirements is met:

- the dealer has become bankrupt and the trustee in bankruptcy has allowed the claim;
- the consumer has received **in any court in Ontario** a final judgment;
- the dealer has been convicted of criminal charges involving fraud or false pretences in connection with a transaction;
- the customer has made a deposit or downpayment and the dealer has not provided the motor vehicle or an acceptable alternative;
- the customer has made payment for an uninsured extended warranty or service plan and the dealer is unable to provide the service.

For more information, or claims application forms, contact the Motor Vehicle Dealers Compensation Fund Administrator, 3rd Floor, 555 Yonge St., Toronto, Ontario M7A 2H6.

Ontario Motor Vehicle Arbitration Plan (OMVAP)

Independent arbitrators help settle consumer disputes about manufacturing defects under this new program. Involving most domestic and import automobile companies, the plan covers both first and subsequent owners of non-commercial vehicles as well as individually leased vehicles. The amount of compensation depends on the nature of the defect and the cost of correcting it.

For more information, ask for the free OMVAP brochure, at the Consumer Information Centre (see back of this booklet.)

Purchase-order check list

New car:

- ☐ year
- ☐ make
- ☐ model
- ☐ body style
- ☐ serial number (if known)
- ☐ color (exterior and interior)
- ☐ manufacturer's suggested retail list price of vehicle
- ☐ manufacturer's suggested retail list price of each option (an option is defined as any piece of equipment which is not listed as standard equipment on the manufacturer's brochure)
- ☐ discount (if any)
- ☐ allowance for trade-in
- ☐ difference between total list price and allowance and/or discount
- ☐ provincial sales tax
- ☐ total cost
- ☐ description of trade-in (including licence, serial, distance travelled and odometer reading if different and options)
- ☐ date of delivery (day, month, year)
- ☐ terms of payment (including interest rate and total cost)

Used Car:

- ☐ year
- ☐ make
- ☐ model
- ☐ body style
- ☐ licence number
- ☐ serial number
- ☐ color
- ☐ options (to include those options already on the vehicle and any additions to be installed by the dealer before delivery)

- ☐ distance travelled and odometer reading if different at the time of the offer of purchase
- ☐ date of delivery (day, month, year)
- ☐ dealer's warranty, if any (period, terms, etc.); if there is no warranty, this should be stated in the contract
- ☐ manufacturer's warranty (balance, if applicable and subject to confirmation, and any fee charged for transfer of such warranty)
- ☐ work to be done before delivery
- ☐ terms of payment: full disclosure as required under the Consumer Protection Act (interest charges, number and amount of payments)
- ☐ dealer's price
- ☐ trade-in allowance
- ☐ cost of transferring licence
- ☐ amount of provincial sales tax
- ☐ security interests (if any)
- ☐ total cost

Rust protection

Most new-car buyers in southern and central Ontario have some form of rust-inhibiting compound applied to their new vehicles before or soon after taking delivery. Undoubtedly, these people expect that buying this special service will guarantee a longer rust-free life for their cars.

However, an increasing number of complaints received by government agencies from purchasers of rust protection indicate that many of them aren't happy with the result.

This section offers some practical suggestions on rust inhibition.

What is rust protection?

Rust protecting a vehicle involves the application of rust-inhibiting solutions and compounds to metal underside and interior surfaces.

Although the term rustproofing is widely used to describe this process, there is no known substance or technique that can stop rust from developing over a period of years. For this reason, the Ontario government has advised all car dealers offering this service to use the more accurate term "rust-inhibiting."

Manufacturer's warranty

All North American car manufacturers and some foreign-car makers have greatly improved their rust-protection programs over the years. This means that a majority of new cars on the market offer at least the standard three-year perforation (rust-inhibiting) warranty. Ask your dealer for details.

If you buy a car that does not offer a manufacturer's perforation warranty, you may want to consider buying rust protection.

Is rust protection necessary?

The winter climate in Ontario provides an ideal environment for the formation of rust and corrosion on automobiles. A combination of damp, cold temperatures hovering around the freezing mark and salted roads can create serious rust damage that may prematurely end the useful life of a car.

Some operators of large truck fleets believe that rust-inhibiting, when properly done, extends the rust-free life of vehicles and reduces the cost of body repairs.

Proper commercial rust protection may guard your vehicle from the ravages of internal rust and corrosion. In conjunction with recommended maintenance of exterior finishes, this may add years to the effective life of your car or truck.

However, commercial rust-inhibiting processes are not designed to protect exterior painted or chrome surfaces of a vehicle. If your main concern is rusting of these parts of your car, the application of such a compound will not relieve you from having to undertake normal maintenance procedures such as regular washing and waxing and the application of touch-up paint to areas damaged by stones or accidents.

If, based on this information, you think that rust-inhibiting treatment is a worthwhile investment, here are a few tips to help you get the best value for your money.

Choose the company carefully

A rust-protection warranty is worthless if the company has gone out of business when you make a claim. An established company has a reputation to protect.

If possible, visit the company to inspect a car that has just been treated. If the job looks bad or incomplete, or if the general condition of the premises suggests a poorly run operation, you might be wise to take your business elsewhere.

Check the warranty

The warranty you receive from the company may be the most important part of the transaction. It should always be in writing. Read the terms very carefully.

The amount of real protection provided differs widely and you should not be misled by inflated claims such as “10-year” or “lifetime” guarantees. These are often restricted to the first owner or the person who paid for the original application.

Verbal promises that are not spelled out or covered in the written warranty may be difficult to enforce. Make sure any verbal promise made is added to the service agreement or warranty.

Watch out for conditions or clauses in the written warranty that will be difficult for you to fulfil but may invalidate the document if they are not observed.

Ask to see the content of the warranty before the work begins. If there are clauses you don't understand, ask for an explanation. If you don't receive one, you are probably better off taking your business elsewhere.

Remember, a reputable firm welcomes and respects a customer who asks questions. Only those with something to hide will try to evade questions or give superficial answers.

Here is a checklist of points to consider when examining a rust- protection warranty.

1. Does it provide for repair of any rust damage that occurs during the terms of the warranty?

Some warranties only cover the cost of repairs up to the amount you paid for the service. Others refund the original price if serious rusting occurs. Neither of these will provide much comfort if you face a repair bill for premature rust damage of hundreds of dollars.

2. Does the warranty specify which areas of the vehicle will be protected?

In the past, some firms avoided responsibility for rust damage by saying that the compound was not applied to the area where the rust occurred. In effect, they are penalizing the customer because their workers did an incomplete or negligent job! Make sure all areas of the car to be protected are listed in writing, or even better, are shown on the printed diagram on the back of the warranty form.

3. What must the buyer do to maintain the warranty in good standing? How much will it cost to meet these conditions?

Almost all rust-protection warranties require the owner to return the vehicle for inspection within a time specified on the warranty document. This is required so the company that supplied the compound can check for any problems such as premature rusting or damage to the coating by way of a collision. Failing to do this may cancel the warranty.

Before an inspection is performed, ask whether there is any charge. Read the warranty carefully to see if this is clearly stated.

Don't accept vague promises about the work costing "only a few dollars." Make sure the actual cost appears on the service order and the warranty to avoid an unwelcome surprise.

4. Is the warranty covered by insurance?

Check to see if the warranty is backed by an insurance company. If not, it may be worthless.

Other points to consider

Try to schedule the application of the rust-inhibitor so you are able to air out the car after the job is done. Some rust-inhibiting compounds give off unpleasant fumes that can be dispelled only by airing out the vehicle for several hours on a dry day.

The cost of having rust-inhibiting compounds reapplied after an accident may be covered by your automobile insurance policy. Check this with your insurance agent. In any event, have it done promptly to keep your warranty valid.

If you have a complaint

Try to settle your complaint directly with the company that applied the compound. If you followed the above recommendations, you will probably be dealing with a company that will live up to its warranty commitments.

If that approach fails, contact the nearest Consumer Services Bureau of the Ontario Ministry of Consumer and Commercial Relations.

An ounce of prevention

One major culprit responsible for the rust on your car is salt. Rust will eat through any unprotected metal area of the car that has been exposed to salted roads.

To prevent rust from ruining your car, wash away accumulated salt and dirt at regular intervals during the winter months. Pay special attention to the fender walls, door sills and door bottoms where rust can get a head start.

Make sure drain openings at the bottom of the doors aren't clogged with mud or road tar. If clogged, moisture will build up inside the door panels and encourage rust to spread.

Give the car a good wax coating to protect the finish.

Further details on keeping a car as corrosion-free as possible are contained in *The Federal/Provincial Anti-corrosion Code and Owner's Guide for motor vehicles*, available from the Consumer Services Branch, Consumer and Corporate Affairs Canada, Place du Portage, Phase 1, 50 Victoria St., 16th Floor, Hull, Quebec K1A 0C9.

For more information on keeping your car in good shape, ask for the free brochure, *Car repair: promise and performance*, at the Consumer Information Centre.

Be an informed consumer

The consumer ministry has published a number of other booklets covering a range of consumer topics.

Copies of these publications may be picked up in person at the Consumer Information Centre, 555 Yonge St., Toronto (Telephone 416/326-8555; toll free 1-800-268-1142; call collect in area code 807; TTY/TDD 416/326-8566 or from Consumer Services Bureaus in Hamilton, London, Ottawa, Peterborough, Sudbury, Thunder Bay, Toronto and Windsor.

For direct mail requests, write to:

Consumer Information Centre,
Ontario Ministry of Consumer and
Commercial Relations,
555 Yonge St., Main Floor,
Toronto, Ontario
M7A 2H6

Consumer Services Bureaus

Toronto

2nd Floor,
555 Yonge St.,
Toronto, Ontario
M7A 2H6
(416) 326-8600

London

(416) 521-7554
P.O. Box 5600,
Postal Station "A",
Main Floor,
80 Dundas St.,
London, Ontario
N6A 2P3
(519) 679-7605

Peterborough

139 George St. N.,
Peterborough, Ontario
K9J 3G6
(705) 745-1789

Thunder Bay

P.O. Box 2060,
2nd Floor,
189 Red River Road,
Thunder Bay, Ontario
P7B 5E7
(807) 343-7226

Hamilton

P.O. Box 2112,
5th Floor,
Ont. Govt. Building,
119 King St. W.,
Hamilton, Ontario
L8N 3Z9

Ottawa

2nd Floor,
10 Rideau St.,
Ottawa, Ontario
K1N 9J1
(613) 787-4048

Sudbury

2nd Floor
199 Larch St.,
Sudbury, Ontario
P3E 5P9
(705) 675-4378

Windsor

Suite 627,
250 Windsor Ave.,
Windsor, Ontario
N9A 6V9
(519) 973-1484

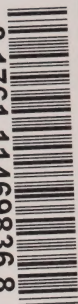


Ontario

**Ministry of
Consumer and
Commercial
Relations**

REV. 09/91 – 25M

ISBN 0-7729-8843-9



3 1761 11469836 8